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# Health Care Financing Notes

Medicare: Use of Home Health Services, 1980

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This note presents preliminary data on the use of home health agency (HHA) services by Medicare beneficiaries in 1980.

To qualify for HHA services an enrollee must be under the care of a physician, confined to his home, and in need of intermittent skilled nursing care or physical or speech therapy. Other reimbursable services are occupational therapy, medical social services, and home health aid services. Covered services also include medical supplies (other than drugs or biologicals) and the use of medical appliances. A physician must determine the need for services and set up a patient care plan for home health services. The HHA providing services must be certified for participation in Medicare.

Home health services are furnished under the hospital insurance (HI) and the supplementary medical insurance (SMI) programs of Medicare. In 1980, coverage under HI provided for payment of the reasonable cost of up to 100 home health visits after the start of one benefit period and before the start of another.<sup>1/</sup> These visits had to be furnished in the one-year

This Note is one of a series prepared in the Office of Research, Judith Lave, Director, to provide a description and analysis of the use and cost of the health care benefits furnished to the beneficiaries of the Medicare and Medicaid programs administered by the Health Care Financing Administration. This Note was written under the administrative supervision of Allen Dobson, Director, Division of Beneficiary Studies. The statistical files used for this Note were developed and maintained by the Office of Statistics and Data Management in the Bureau of Data Management and Strategy. The programming services for the production of the tables were provided by Vikki Latta, Betty Gunn, and Cheryl Black.

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<sup>1/</sup> A benefit period begins with the first day a beneficiary receives covered inpatient hospital services. A benefit period ends when a patient has been out of a hospital (or other facility that provides skilled nursing or rehabilitation services) for 60 consecutive days including their day of discharge. A new benefit period starts the next time the beneficiary enters a hospital. There is no limit to the number of benefit periods a beneficiary may have.

following the patient's most recent discharge from a qualifying hospital or a covered skilled nursing facility stay. A qualifying hospital stay was a stay of at least 3 consecutive days. A plan of treatment had to be established by the patient's physician within 14 days after the patient's discharge from a hospital or skilled nursing facility and the services provided had to be necessary for further treatment of the condition for which the patient received services in the hospital or skilled nursing facility.

Coverage under SMI was limited to 100 visits within a calendar year. No prior stay in a hospital or skilled nursing facility was required. Otherwise, the requirements for coverage was the same as those under HI. SMI could be used to cover home health visits after benefits under HI were exhausted. Thus, 100 visits were available under HI for each benefit period but SMI benefits were limited to 100 visits per calendar year.

The Omnibus Reconciliation Act of 1980 (P.L. 96-499) removed the limits on the number of HHA visits, eliminated the 3-day prior hospitalization requirements for HHA services under HI, eliminated the application of the SMI deductible to HHA services under SMI, and added occupational therapy as a qualifying service for HHA benefits. These provisions became effective July 1, 1981, and did not affect the provision of services described in this Note. Thus, the 1980 data represent the last full year of operation before the implementation of the new home health benefits.

The accompanying tables show: 1) trends in the use of and Medicare reimbursements for home health services; 2) visits, charges, and reimbursements by aged and disabled enrollees under HI and SMI and 3) use and reimbursements in 1980 by State of residence. Highlights and data follow.

#### TRENDS IN REIMBURSEMENT

Interim reimbursements for home health services under Medicare in 1980 were about \$640 million - an increase of almost 20 percent over 1979 (Table 1). Charges (as opposed to reimbursement were \$744 million. Total Medicare reimbursements increased 18 percent between 1979 (\$28.3 billion ) and 1980 (\$33.4 billion).

In 1980, payment to HHA's amounted to slightly more than 1.9 percent of total medicare payments. This percentage is about the same as that reported for 1979 and slightly higher than percentages in previous years

#### VISITS, CHARGES, AND REIMBURSEMENTS, 1980

- . About 21.7 million home health visits were made to Medicare enrollees, about 762 per 1,000 enrollees (Table 2).
- . The average charge per HHA visit in 1980 was almost \$33 compared to almost \$30 in 1979 - an increase of about 9 percent.
- . Medicare reimbursement for HHA services amounted to an average of \$22.43 per enrollee.



#### USE AND REIMBURSEMENT BY TYPE OF ELIGIBILITY AND PROGRAM

- . About 72 percent of the HHA visits were provided to beneficiaries under the Medicare hospital insurance (HI) program. The remaining 28 percent of the visits were provided under the supplementary medical insurance (SMI) program.
- . About 73 percent of the reimbursements for HHA services were paid by the HI program and 27 percent by the SMI program.
- . Medicare enrollees aged 65 and over received 784 HHA visits per 1,000 enrolled and reimbursements of \$23.04 per enrollee.
- . Persons eligible because of disability, including those with end-stage renal disease (ESRD), received 574 HHA visits per 1,000 enrollees and reimbursements of \$17.19 per enrollee.

#### USE AND CHARGES BY GEOGRAPHIC AREA

Although this report is based on data that represent about 95 percent of the bills that eventually will be submitted for home health agency services during 1979 (see Sources and Limitations of Data), individual States may vary significantly from this percentage. Therefore, geographic differences are presented here only at the regional level.

- . The Northeast had the highest visit rate among the regions, 1,099 per 1,000 enrollees. The South had the second highest, 745 per 1,000 enrollees. The West had the lowest visit rate, 587 per 1,000 enrollees (Table 3).
- . The West had the highest charge per HHA visit, over \$38 per visit. The Northeast had the lowest average visit charge, about \$28 per visit.

- . Reimbursement per enrollee was highest in the Northeast (\$28.86) and lowest in the North Central Region (17.49).

#### SOURCES AND LIMITATIONS OF DATA

Data published in this report were obtained from billing forms submitted by home health agencies for Medicare beneficiaries receiving reimbursable services in 1980. Figures shown are estimates based on a 40 percent sample of the enrolled population and subject to sampling variability. The sample counts have been inflated to give an estimate of the utilization of home health services for 1980 based on bills recorded through June 1981. It is estimated that approximately 95 percent of the bills eventually to be received for home health services were processed by that date. Therefore, the visit and reimbursement rates presented in this Note should be viewed as an approximation of the magnitude of differences rather than final measures of use. Payments shown are based on interim rates that are adjusted after the end of the accounting year according to reasonable costs of operation.

#### STANDARD ERROR TABLES

Tables 4 and 5 show approximate standard errors for estimates presented in this report. The standard error is a measure of sampling variability; the variation occurs by chance because a sample rather than the whole West had the highest charge per HHA Visit over \$38 per visit.

Table 1 - Utilization of Home Health Agency Services: Total Medicare Reimbursement, Reimbursement for Home Health Services, and Number of Home Health Visits Under Medicare, Calendar Years 1969-1980

(in millions)							
Year	Total Medicare Reimbursement		Home Health Agency Reimbursement			Home Health Visits	
	Amount	Percent Change	Amount	Percent Change	As Percent of Total Medicare Reimbursement	Number	Percent Change
1969	\$ 6,284.0	---	\$ 78.1	---	1.24	8.5	---
1970	6,772.4	7.8	61.5	-21.2	.91	6.0	-29.4
1971	7,486.9	10.6	56.8	- 7.7	.76	4.8	-20.5
1972	8,216.5	9.7	65.9	16.1	.80	5.2	9.2
1973	9,639.2	17.3	92.9	40.8	.96	6.4	22.4
1974	11,920.1	23.6	144.3	55.4	1.21	8.2	29.3
1975	14,749.3	23.7	217.0	50.4	1.47	10.9	32.3
1976	17,939.5	21.6	296.7	36.7	1.65	13.6	24.7
1977	21,094.3	17.6	369.3	24.5	1.75	15.8	16.2
1978	24,402.8	15.7	440.5	19.3	1.81	17.5	10.8
1979	28,267.0	15.8	535.2	21.5	1.89	19.7	12.6
1980	33,389.4	18.1	639.6	19.5	1.92	21.7	10.2

Source: Health Care Financing Administration, unpublished utilization statistics. Amounts are for year in which expenses were incurred, based on bills processed through June 1981. Thus, data for most recent years are less complete than data for earlier years.

The amounts reimbursed are based on interim rates which are adjusted after the end of each provider's accounting year on the basis of reasonable costs of operation. Retroactive reimbursements are excluded from the data in these tables.



Table 2 - Home Health Agency Visits, Charges, and Reimbursements by Type of Eligibility and Program

(Visits in Thousands, Total Charges and Reimbursements in Millions)									
Type of Eligibility	HHA Visits		Charges for HHA Services			Reimbursements			
	Number	Per 1,000 Enrollees 1/	Visit Charges		Total Program	HHA Reimbursements			
			Total	Per Visit		Total of Program	Percent	Per Enrollee 1/	
Hospital and Supplementary Medical Insurance									
All Enrollees	21,733.8	762.2	\$744.4	\$709.7	\$32.65	\$33,389.4	\$639.6	1.92	\$22.43
Aged Disabled	20,029.7	784.1	684.9	653.6	32.63	28,985.5	588.6	2.03	23.04
	1,704.1	574.3	59.6	56.1	32.91	4,403.8	51.0	1.16	17.19
Hospital Insurance									
All Enrollees	15,593.8	554.9	539.2	514.2	32.97	23,023.8	467.0	2.03	16.62
Aged Disabled	14,235.5	566.4	497.7	475.1	32.94	20,294.0	431.3	2.13	17.16
	1,170.3	394.4	41.5	39.1	33.36	2,729.8	35.7	1.31	12.03
Supplementary Medical Insurance									
All Enrollees	6,140.0	223.8	205.2	195.5	31.83	10,365.6	172.6	1.67	6.29
Aged Disabled	5,606.2	226.9	187.1	178.4	31.82	8,691.6	157.3	1.81	6.37
	533.8	196.1	18.1	17.0	31.91	1,674.0	15.3	0.91	5.62

NOTE: Detail may not add to total because of rounding.

1/ Based on enrollment on July 1, 1980.

Table 3 - Number of Home Health Visits, Charges and Reimbursements by Residence of Persons Served, 1980

Residence	(Visits, Charges and Reimbursements in Thousands)				
	Number of Visits	Charges			Total Reimbursement
		Total	Visit Charges	Charge Per Visit	
All Areas <sup>1/</sup>	21,733.8	\$744,435	\$709,657	\$32.65	\$639,593
United States <sup>2/</sup>	21,388.7	726,151	693,354	32.41	626,744
Northeast	7,290.1	214,596	206,363	28.30	191,511
North Central	4,473.6	146,327	141,864	31.71	127,952
South	6,877.2	255,057	240,206	34.92	206,645
West	2,744.9	110,075	104,827	38.18	100,561
New England	2,234.7	52,770	51,856	23.20	50,225
Connecticut	602.2	14,943	14,791	24.56	14,285
Maine	143.1	3,863	3,779	26.40	3,737
Massachusetts	1,117.4	25,130	24,622	22.03	23,555
New Hampshire	107.4	2,208	2,197	20.45	2,150
Rhode Island	167.4	4,486	4,345	25.95	4,417
Vermont	97.1	2,140	2,122	21.86	2,080
Middle Atlantic	5,055.4	161,825	154,508	30.56	141,285
New Jersey	1,092.2	32,903	31,810	29.12	31,839
New York	1,840.1	66,179	62,492	33.96	56,216
Pennsylvania	2,123.1	62,743	60,205	28.35	53,231
East North Central	2,876.1	102,139	100,362	34.89	88,847
Illinois	1,097.2	44,203	43,574	39.71	34,724
Indiana	230.4	6,342	6,039	26.21	6,019
Michigan	521.8	21,258	21,014	40.27	18,884
Ohio	719.0	21,527	21,134	29.39	21,039
Wisconsin	307.7	8,809	8,600	27.95	8,179
West North Central	1,597.5	44,189	41,503	25.97	39,105
Iowa	211.3	3,648	3,583	16.95	3,467
Kansas	180.5	4,408	4,331	23.99	4,172
Minnesota	185.7	5,619	5,465	29.42	5,184
Missouri	860.8	26,166	24,083	27.97	22,107
Nebraska	83.2	2,645	2,364	28.41	2,561
North Dakota	32.8	772	757	23.09	713
South Dakota	43.2	929	921	21.28	902
South Atlantic	3,653.0	134,319	129,476	35.44	110,329
Delaware	71.7	1,578	1,518	21.17	1,349
Dist. of Columbia	61.3	2,090	2,087	34.03	1,942
Florida	1,972.9	74,474	72,279	36.63	59,452
Georgia	407.1	19,238	18,189	44.67	12,558
Maryland	284.9	10,281	10,034	35.22	9,972
North Carolina	321.9	9,398	8,855	27.51	9,157
South Carolina	215.2	7,498	7,081	32.90	7,025
Virginia	143.0	4,660	4,603	32.18	4,401
West Virginia	175.0	5,100	4,829	27.60	4,475
East South Central	1,626.2	60,700	55,061	33.85	46,722
Alabama	448.8	15,688	14,798	32.97	11,411
Kentucky	190.9	6,929	6,158	32.26	6,261
Mississippi	545.2	21,527	19,144	35.11	15,469
Tennessee	441.4	16,556	14,961	33.89	13,580
West South Central	1,598.0	60,037	55,669	34.83	49,594
Arkansas	124.9	4,954	4,761	38.11	4,588
Louisiana	420.4	15,019	12,978	30.87	11,831
Oklahoma	122.2	4,635	4,487	36.70	3,805
Texas	930.4	35,430	33,444	35.94	29,370
Mountain	581.2	19,055	17,975	30.92	17,967
Arizona	53.8	2,064	1,839	34.16	1,892
Colorado	211.9	7,194	7,145	33.72	6,839
Idaho	74.7	2,596	2,151	28.80	2,478
Montana	37.0	1,071	1,004	27.15	981
Nevada	32.5	1,053	1,017	31.31	1,044
New Mexico	87.7	3,043	2,900	33.07	2,759
Utah	52.9	1,213	1,140	21.57	1,187
Wyoming	30.8	819	777	25.22	786
Pacific	2,163.7	91,020	86,852	40.14	82,594
Alaska	2.4	84	82	34.20	82
California	1,613.1	69,320	66,520	41.23	62,648
Hawaii	38.9	1,522	1,367	35.13	1,472
Oregon	200.3	8,064	7,360	36.75	7,802
Washington	309.0	12,032	11,523	37.28	10,590

NOTE: Detail may not add to total because of rounding.

<sup>1/</sup> Includes Puerto Rico, Virgin Islands, Guam, foreign countries, and other outlying areas.

<sup>2/</sup> Includes person with unknown residence.

**TABLE 4**  
Approximate Standard Error of  
Number of Visits

Estimated Number of Visits	Standard Error of Estimate
5,000	890
10,000	1,300
50,000	3,000
100,000	4,300
500,000	10,000
1,000,000	15,000
4,000,000	31,000
8,000,000	38,000

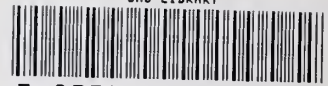
**TABLE 5**  
Approximate Standard Error of Amount of Total  
Charges, Visit Charges, or Reimbursement

Estimate of Charges	Standard Error of Estimate
\$ 50,000	\$ 10,000
100,000	14,000
500,000	35,000
1,000,000	53,000
10,000,000	220,000
30,000,000	470,000
100,000,000	710,000
150,000,000	720,000

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